

Natural Gas Prices Down Bloomberg News

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Homeowners in the U.S. can expect to pay an average 13 percent less for natural gas this winter than they did a year earlier, as prices have tumbled and inventories surged, the government said in an annual winter-fuels report.

But heating oil and electricity costs will be higher than last winter, according to the report, released Tuesday by the U.S. Energy Department.

Natural gas consumers will spend \$826 to heat their homes this winter, down from \$945 last winter, the report said. Prices jumped last year after hurricanes Katrina and Rita damaged pipelines and production platforms in the Gulf of Mexico. Gas is the most widely used heating fuel, firing the furnaces in 58 percent of U.S. households.

"Because natural gas was so heavily affected by the hurricanes last year, that's where we're going to see the biggest change," said Guy Caruso, head of the department's Energy Information Administration, which wrote the report, at a briefing Tuesday in Washington. Prices are still higher than they were two years ago, he said.

Households that rely primarily on heating oil will pay \$1,522 this winter, a 6.4 percent increase, the department said. Those with electric heat will pay an average \$839, 7.4 percent more than last winter.

Propane consumers will also pay less because of lower prices. Propane is expected to cost \$1,265 per household, 1.2 percent lower than a year ago. Propane is used by 5 percent of U.S. households as a primary heating fuel.

Tuesday's report was part of the department's monthly Short-Term Energy Outlook.

Weather that will be 5.9 percent colder than a year earlier will boost demand for all heating fuels, the department said, citing government forecasters at the National Oceanic and Atmospheric Administration.

Benchmark natural-gas futures in New York fell as much as 74 percent from a record \$15.78 in December, easing the strain on households that rely on the fuel for heat.

Natural gas prices for homeowners will average \$12.23 per thousand cubic feet from October through March, down from \$14.64 a year earlier, when the industry was reeling because of the hurricanes.

The price of West Texas Intermediate crude oil is expected to rise to \$67 a barrel by January on increased heating demand, the report said. Oil accounts for about 60 percent of the retail price of heating oil. Crude oil futures closed at \$58.52 a barrel Tuesday on the New York Mercantile Exchange, the lowest since February.